

THE WHITE HOUSE

WASHINGTON

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MEMORANDUM FOR THE PRESIDENT

FROM: THE ECONOMIC POLICY COUNCIL
SUBJECT: Presidential Trade Commission

The Economic Policy Council has been exploring the idea of establishing a bipartisan Presidential commission on trade and international economics. Such a commission, if properly constituted, might be very helpful in developing a national consensus on trade and international economic policies and strengthening your position of opening foreign markets, not closing ours. The House Republicans have included a proposal to establish such a commission in their trade initiative package.

This memorandum outlines for you the major issues involved in creating such a commission, including whether members of Congress should be members of the commission, and offer several options for your consideration.

The Economic Policy Council unanimously recommends establishing such a commission.

POLICY OBJECTIVES

The decision whether to establish a commission and how it might be structured should reflect the following objectives.

- o A commission should help build a broad consensus in both the private sector and the Congress on future U.S. trade and international economic policy.
- o A commission should generate new ideas for improving the effectiveness of U.S. trade and international economic policy.
- o A commission should help develop support in the Congress for supporting free and fair trade legislation and resisting protectionist legislation.

ESTABLISHING A COMMISSION

Issue: Should the Administration establish a presidential commission on international trade and economics?

Option 1: Establish a commission.

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Advantages

- o A commission could take a relatively objective view of trade policy and develop valuable ideas for improving the effectiveness of U.S. trade policy.
- o Because a commission analyzing trade issues over a long period of time would probably arrive at the same conclusions drawn by the Administration, such a commission could help buttress the Administration's position on trade legislative proposals.
- o A bipartisan commission could help generate greater support in the private sector and the Congress for the Administration's trade policy, for example, the efforts to launch a new multilateral trade round.

Option 2: Not establish a commission.

Advantage

- o A commission could make recommendations that conflict with Administration policy and increase or revive protectionist pressures.

PROPOSED STRUCTURE OF THE COMMISSION

If you decide to establish a commission, it could be structured along the following lines:

1. Title

The Economic Policy Council recommends that the commission be titled: The President's Commission on International Trade and Economic Policies

2. Mandate

The mandate of the commission could be either general or specific. A general mandate would provide the commission the flexibility to adapt to changing conditions that could take place over the life of the commission. A specific mandate could focus the efforts of the commission on issues where new analysis would be most useful.

The Economic Policy Council recommends the following, general mandate:

- o To identify the major trends and changes which are taking place in the international economy.
- o To assess the adequacy of U.S. trade laws in responding to the major trends taking place in the international economy and recommend changes, if any, to the U.S. trade laws.

- o To assess the efficacy of the GATT in meeting U.S. interests and in promoting a free and fair world trading system, and to evaluate the scope and coverage of the GATT and its flexibility in adapting to the dynamics of world trade.
- o To determine what can be done to ensure that U.S. economic policies, both domestic and international, as well as U.S. efforts in international fora, contribute as much as possible to growth and price stability in the U.S. and world economies.
- o To identify the displacements which are likely to occur within the U.S. economy in response to international trading trends and to make recommendations for policies to facilitate adjustment.

3. Timing

The timing of the final report of the commission should (1) provide the commission sufficient time to analyze carefully complex issues and (2) avoid plunging the commission or its recommendations into the 1986 Congressional elections.

The Economic Policy Council recommends that you direct the commission to issue a final report twelve months after its establishment. December 1986 is an achievable deadline.

4. Method of Establishing Commission

The Economic Policy Council recommends that you establish the commission through an executive order. The executive order would specify the commission's mandate, the date by which it should issue a final report, its membership, its staffing, its source of funding, and how it will report its recommendations.

5. Membership

The Economic Policy Council recommends that the commission include (15 or 21) private sector members from the following groups: management (high technology, services, basic manufacturing), labor, agriculture, consumers, and the academic community.

Issue: Should the commission include members of Congress in addition to the private sector members?

Option 1: Include six members of Congress (three Republicans and three Democrats) on the commission.

DECISIONS

Issue 1: Should the Administration establish a presidential commission on international trade and economics?

 Establish a commission.

 Not establish a commission.

The Economic Policy Council unanimously recommends establishing such a commission.

Issue 2: Should the commission include members of Congress?

 Include six members of Congress (three Republicans and three Democrats) as members of the commission.

 Include six members of Congress as advisors to the commission.

 Not include members of Congress as members of the commission, but consult with the Congress on the membership.

James A. Baker III
Chairman Pro Tempore